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INFO RUCNIRA/IRAN COLLECTIVE PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 03 DAMASCUS 000364

SIPDIS

DEPT FOR NEA/FO, NEA/ELA, NEA/IR
NSC FOR SHAPIRO/MCDERMOTT

E.O. 12958: DECL: 05/21/2019

TAGS: [PREL](#) [EINV](#) [ETRD](#) [PGOV](#) [IZ](#) [IR](#) [TU](#) [SY](#)

SUBJECT: SARG USES TURKISH PRESIDENT'S VISIT TO HIGHLIGHT
REGIONAL ECONOMIC INTEGRATION

REF: A. DAMASCUS 342

[B](#). 08 DAMASCUS 727

[C](#). 08 DAMASCUS 735

[D](#). 08 DAMASCUS 742

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Classified By: Charge d'Affaires Maura Connelly for reasons 1.4(b,d)

Summary

[1](#)1. (C) The SARG is championing Turkish President Abdullah Gul's three-day visit to Damascus as one of three recent examples of Syria's increasing regional economic integration.

Syrian official media touted several bilateral agreements resulting from the visit, including Turkish cooperation in Syria's plan to import Iranian natural gas through Turkey's infrastructure. A Turkish diplomat characterized Syrian descriptions of the agreements as premature, but said Turkey needed to demonstrate some benefits to the Syrians from their bilateral relationship as an incentive for Syria to behave constructively on regional matters. According to the diplomat, Gul privately encouraged the Syrian President to respond positively to U.S. efforts to cooperate on Iraqi security. While Gul was in Damascus, the Syrian Deputy Prime Minister for Economic Affairs signed an MOU in Tehran attempting to strengthen Syrian-Iranian economic ties through cooperation in petroleum, electricity and transportation. Locally, the Syrian Transportation Minister announced the projected June 1 launch of freight and passenger rail service between Syria and Iraq. End summary.

SARG Champions Turkish Economic Agreements

[1](#)2. (C) Turkish President Abdullah Gul led a delegation to Syria on May 16-18 consisting of PM Erdogan and some 230 businessmen, provincial governors and press. Diplomats from the Turkish Embassy in Damascus told us the visit had been planned for four months as a reciprocal gesture for Syrian President Bashar al-Asad's 2008 state visit to Turkey.

According to the official Syrian news agency SANA, Gul and Asad inaugurated a Syrian-Turkish Business Forum and announced an ambitious plan to create an economic cooperation zone among Turkey, Syria, Lebanon, Iraq and Iran. During a joint press conference, Asad said bilateral trade had increased to USD 2 billion since 2005 and announced a new goal of USD 5 billion by 2012. Additionally, SANA reported Syria and Turkey had agreed on the following items:

- To use Turkish gas pipelines to transport Iranian natural gas to Syria;
- To initiate a cooperative effort to meet Syria's water needs from the Euphrates and Tigris Rivers;
- To renew the contract for Turkey to provide Syria with around 200MW of electricity;
- To further integrate the Syrian and Turkish power grids;
- To convene a trilateral ministerial meeting on petroleum and water issues with Syria, Turkey and Iraq;
- To allow the Turkish international assistance organization to open an office in Damascus;
- To sign an MOU on housing related to compensating Syrian families moved as a result of border demarcation.

Iranian Gas Through Turkey

13. (C) Following the visit, Turkish DCM Tolga Uncu downplayed Syria's characterization of the "agreements" that were achieved during the visit. On the issue of Iranian gas exports to Syria, Uncu acknowledged the Syrians were "desperate" for the gas, but said the official Turkish response to the Syrian request had been non-committal. The Turks' position, he said, was that the governments of Turkey,

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Syria and Iran would need to discuss the proposal in detail. In addition to trilateral political agreement, Uncu said, the deal would also require the construction of a gas pipeline branching south towards Aleppo from Turkey's primary east-west oriented line.

14. (C) According to Uncu, the regional economic zone was not a new proposal and, so far, there was not a lot of visible Turkish private sector enthusiasm for increasing investment in Syria -- despite the 200 businessmen who traveled independently to Damascus. "These are guys that routinely pay USD 5000 just for the pleasure of meeting Gul in a foreign country," he quipped. Consequently, reaching Asad's goal of USD 5 billion in bilateral trade "may take some time."

Gul Raises Iraqi Security Cooperation

15. (C) According to Uncu, President Gul spent most of May 16 with Asad, including a lengthy one-on-one meeting largely devoted to regional issues. Gul reportedly had talking points that urged Bashar not to waste the opportunity presented by the U.S. offer on Iraqi security cooperation (ref A). Uncu said Gul made these points and urged Asad to continue steps to improve relations with Egypt. He said Gul had spoken with Egyptian President Mubarak prior to leaving Ankara and had promised to press Asad for better ties between Cairo and Damascus. Bashar reportedly said plans were in the works for a visit to Cairo in late June.

16. (C) The Turkish Ambassador had not yet received any feedback from the Syrians regarding the U.S. offer, but the Turkish Embassy took note (as did we) of Bashar's remarks in the Turkish daily Zana to the effect that the U.S. had designated Syria as a state sponsor of terrorism, but wanted Syria's cooperation on enhancing Iraqi security. Uncu interpreted this as Bashar's message to Washington that "you can't have it both ways." Uncu opined, based on the few debriefs he had received, that Bashar "was still waiting on a

U.S. gesture on Iraq" that went beyond security issues. Asad reportedly told Gul that the U.S. offer to establish a trilateral U.S.-Syrian-Iraqi security dialogue was in Syria's interest, but Asad believed the U.S. needed to signal its desire for better bilateral relations before this proposal could be discussed seriously.

¶7. (C) Commenting on the visit's extensive press coverage, Uncu observed that Bashar had taken every opportunity to exploit the visit for public diplomacy purposes. Uncu remarked that Gul also enjoyed being seen as an important regional player, and noted Gul had backed up Bashar by stating the Syrians had acted constructively and were a reliable partner for peace -- at a time when Israeli Deputy FM Ayalon was suggesting the contrary. "We're doing our best to make the Syrians feel more confident about our bilateral relationship because that gives them an incentive to act more constructively," Uncu said, summing up Turkey's foreign policy philosophy towards Syria.

While Dardari was in Iran

¶8. (C) While the Turkish President was in Damascus, Syrian Deputy Prime Minister for Economic Affairs Abdallah Dardari was in Tehran. According to the May 16 edition of the pro-government daily Tishreen, Dardari signed an MOU for "Strategic Planning and Development Cooperation" with Iran that calls for the creation of a 10-year plan to increase Syrian-Iranian economic relations to the level of their political relationship. The MOU reportedly tasks a joint follow-up committee with preparing a draft of the plan and stipulates that the committee will hold its first meeting within three months. (Note: The Syrian-Iranian economic relationship is discussed in refs B, C and D. End note.)

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¶9. (U) According to Tishreen, Dardari and the Iranians also agreed on a number of projects that would link their energy and transportation infrastructure through Iraq and Turkey. First, the Syrians and Iranians agreed Iran should export oil to Syria through the Iraqi pipeline network from Basra and Kirkuk to the Syrian port of Banias. Next, the Syrians announced they had increased the pace of construction on a gas pipeline from Aleppo towards the Turkish border in anticipation of receiving Iranian natural gas through Turkey (see paras 3-4 above). Further, both sides expressed a desire to link their electrical grids via the Deir Ezzor power station in eastern Syria and the Al Qaim station in western Iraq. Finally, the two delegations agreed they should facilitate bilateral trade by connecting their railroad network, with the Iranians noting their existing track is only 10km from the Iraqi port of Um Qasr.

Rail Service to Iraq

¶10. (U) In keeping with this week's theme of Syria's regional economic integration, Tishreen reported May 17 Syria will soon begin operating a freight train from the ports of Tartous and Lattakia to the Iraqi port of Um Qasr, and a passenger train service from Aleppo to Mosul. According to the article, Transportation Minister Yarub Badr held a meeting in Tartous to discuss the railway with Aleppo-based Director General (DG) of Syrian Railways George Makbareh, DG of Tartous Port Zaki Najib, DG of Lattakia Port Suleiman Balush and a representative of the Fillipino company ICTS, which operates the container terminal in Tartous. Makbareh told Tishreen the freight train's itinerary would run from Tartous to Um Qasr with stops in Lattakia, Aleppo, Qamishli, Mosul, Baghdad and Basra. Depending on the conditions of the Iraqi rail network, he said, the train could carry 1000 metric tons (MT) of goods at a time. Both the freight train

and the passenger train are scheduled to commence service to Iraq on June 1. Local contacts report the existing Syrian rail system is capable of achieving the target launch date, but shippers are concerned about lingering security problems in Iraq and possible bureaucratic delays in processing customs paperwork.

Comment

¶11. (C) The simultaneous visits of Gul in Damascus and Dardari in Tehran enabled Bashar to maintain the public perception he alone among Arab leaders enjoys equally good relations with Turkey and Iran, and can use both of them for Syria's benefit. We find it interesting that the Syrian-Iranian goals for economic development are almost completely reliant upon Iraqi and Turkish cooperation, and yet Syria has so far demonstrated little interest in responding to Iraqi security concerns. Recent SARG investment in expanding the through-put capacity of its two major ports and building a gas pipeline towards Turkey are indicative of Syrian confidence that greater regional economic engagement is just a matter of time.
CONNELLY